MEDIUM		1990	1991	1992	1993
YELLLOW PAGES	Total	8,926	9,182	9,320	9,517
	National	1,132	1,162	1,188	1,230
	Local	7,794	8,020	8,132	8,287
FARM PUBLICATIONS	Total	215	215	231	243
BUSINESS PUBLICATIONS	Total	2,875	2,882	3,090	3,260
MISCELLANEOUS	Total	15,955	15,773	16,427	17,281
	National	11,608	11,588	12,124	12,759
	Local	4,347	4,185	4,303	4,522
TOTAL	National	72,780	72,635	76,020	80,010
	Local	55,860	53,765	55,270	58,070
GRAND TOTAL		128,640	126,400	131,290	138,080

* These data were prepared for Advertising Age by McCann-Erickson Inc., and represent in millions of dollars, total expenditures by advertisers (not merely receipts by media).

APPENDIX E: RELEVANT PRODUCT MARKET ALTERNATIVES**

1. Market for delivered video programming

Suppliers of Substitutes	Geographic Dimensions of Market	Metrics of Concentration
broadcast television stations*	U.S. Borders	Number of independent operators/suppliers*
cable system operators*	DMA	Number of separate channels
direct satellite operators*	Contour B	Audience share of each channel
wireless cable operators*	Contour A*	Audience share of each supplier*
telephone companies*		
video cassette recorders		

2. Market for National Advertising

Suppliers of Substitutes	Geographic Dimensions of Market	Metrics of Concentration
commercial broadcast television networks*	U.S. borders*	Number of independent suppliers*
commercial cable television networks*	DMA	Revenue share of each supplier*
direct satellite networks*	Contour B	
national magazine publishers	Contour A	
national newspaper publishers		
radio networks		
direct mail		

3. Market for Local Advertising

Suppliers of Substitutes	Geographic Dimensions of Market	Metrics of Concentration
broadcast television stations*	U.S. borders	Number of independent suppliers*
cable system operators*	DMA*	Revenue share of each supplier*
radio station operators*	Contour B	
newspaper operators*	Contour A*	
direct mail		

4. Market for Video Program Production

Purchasers of Video Programs	Geographic Dimensions of Market	Metrics of Concentration
broadcast television networks*	U.S. borders*	Number of independent purchasers*
cable television networks*	DMA	Expenditures of each purchaser on first run video programs
direct satellite networks*	Contour B	Expenditures of each purchaser on video programs*
broadcast television stations*	Contour A	

** Items with single asterisk represent our tentative selection of the alternatives considered. Because competition concerns and diversity concerns sometimes suggest different units of measure, there may be more than one metric of concentration selected.

Separate Statement
of
Commissioner James H. Quello

In the Matter of: Review of the Commission's Regulations Governing Television Broadcasting (MM Docket No. 91-221, 87-8)

In general, I support the three items we have adopted today to reexamine the Commission's television multiple ownership rules, the broadcast attribution rules, and our incentives to promote minority and female ownership of mass media facilities.

I have long been outspoken in my support for relaxing the television multiple ownership rules so that television broadcasters can be freed up to compete in this increasingly competitive **multichannel** world. Rules that may have been necessary 10 years ago when fewer video options were available to viewers may no longer be necessary given the dramatically different landscape of today: a land where consumers are able to graze through potentially hundreds of channels, talk back to their television sets, order goods and services, play video games, and order movies <u>they</u> want to see, <u>when</u> they want to see them. For television broadcasters, who currently have available to them in any given market <u>one</u> video channel, the regulatory barriers this Agency imposes should be minimally instrusive to allow broadcasters to deal most efficiently with the competitive barriers they face in the marketplace. Diversity remains a vitally important goal; and yet, if broadcasters become dinosaurs in the video marketplace of tomorrow, diversity could become an endangered species.

Toward this end, we should consider very carefully the following: increasing the national ownership limits, particularly the audience reach cap; modifying the relevant measure for determining compliance with the television duopoly from the Grade B to the Grade A contours of the subject stations; allowing common ownership of two UHF stations in the same market; and eliminating the radio-television cross-ownership rule.

Perhaps more important, we should not undermine any deregulatory strides that we make in this proceeding by taking regulatory strides backward in the attribution proceeding. I will closely scrutinize any efforts to tighten up our attribution rules to ensure that they do not have a chilling effect on the ability of broadcasters, including minority, female and small broadcasters, to secure financing. This financing is particularly crucial now, when the turn of the next century will demand investment in new technologies to ensure the continuing vitality of free, over the air television and radio.

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SEPARATE STATEMENT
OF
COMMISSIONER SUSAN NESS

RE: *TV Ownership (MM Docket No. 91-221, 87-8)*

This Further Notice of Proposed Rulemaking ("Further Notice") reaffirms the special role played by free, over-the-air television in our society as well as the importance of competition and diversity in the local marketplace. I strongly support these concepts.

The Further Notice reflects our commitment periodically to review our rules to determine whether they remain necessary, appropriate, and not unduly burdensome. Much has changed since this proceeding was initiated and, fortunately, many of the changes bode well for the future of broadcast television.

When the proceeding was initiated over three years ago, broadcast television was widely thought to be facing irreversible decline. An FCC staff study had concluded that over-the-air broadcasting was in serious difficulties, which were expected to worsen gradually over the next decade. In fact, when that report was written, many TV stations were on the auction block. Sales were at depressed multiples of cash flow. It was against this backdrop that the proposals in the first Notice of Proposed Rulemaking were developed to improve the prospects for the financial survival of television.

To paraphrase Mark Twain, reports of the demise of broadcast television proved to be greatly exaggerated. The past two years have been among the best ever. Acquisition cash flow multiples are at record levels. The fourth network has risen dramatically in popularity and a fifth and sixth network have been launched. Broadcasters have even added new revenue streams through strategic partnerships with alternative video program providers.

Moreover, even though cable penetration has continued to increase, viewership of broadcast channels appears to have stabilized. The vast majority of television viewing -- more than 75% -- continues to be of broadcast channels, even when watched on cable. Indeed, cable carriage has improved signal coverage parity between VHF and UHF stations.

Despite these encouraging developments, however, the future is still unpredictable. Change and uncertainty abound.

Network affiliations are in an upheaval, with group owners making wholesale affiliation changes, partly as a result of the rise of new networks. DBS is now off the drawing boards, into several hundred thousand homes, and continuing to grow by leaps and bounds. Video dialtone operations may present broadcasters with the challenge of increased competition from new program sources. Later this year, the Commission will consider changing the prime-time access rule and complete its promised review of the financial interest and syndication rules. And digital television is on the horizon.

Collectively, these forces are changing the current broadcast environment. Appropriately, this Further Notice seeks comment on our current television ownership rules and possible changes to them.

In this item the Commission has moved forward with several proposals which would profoundly affect the marketplace. For example, the Commission proposes to relax the national ownership rules to eliminate the ceiling on the number of stations that can be owned, and to increase the "reach" gradually from 25% of the nation's viewers to perhaps as much as 50% over a period of years. In addition, the Commission proposes to relax the duopoly rule to reduce the minimum mileage separation between commonly owned stations from a Grade B to a Grade A contour. It further proposes to eliminate the one-to-a-market rule, which has prohibited common ownership of radio and television stations in the same market.

Each of these modifications, if adopted, will strengthen free, over-the-air television broadcasting and will provide new opportunities for broadcasters to leverage their investment without seriously compromising diversity and marketplace competition. Based on the record to date, I support all of these initiatives.

Our Further Notice also seeks comment on whether to relax further the duopoly rules. Those rules were designed to promote competition and diversity by prohibiting common ownership of competing stations in a local market. Here, I maintain an open mind but I am inclined to place the burden of proof on those who favor changing these rules.

There are many options open to the Commission on further relaxation of the duopoly rule. We can, for example:

- maintain a fairly strict standard for granting waivers, based upon hardship or other extenuating factors;
- establish a presumptive rule for waivers, based upon diversity in the marketplace and/or other factors;
- revise the rules to permit duopoly in specified circumstances; or
- eliminate the rules outright.

The Further Notice takes no position on the relative merits of these options, but requests public comment. I look forward to reviewing the comments on this item. Given all of the other changes in this dynamic market, however, I believe there may be considerable risk -- to competition and to diversity -- in making substantial changes to the duopoly rules beyond adjusting the contour overlap test. There are far fewer television stations in a market than there are radio stations, so a policy permitting combined ownership of two licensees in the same market deserves greater scrutiny. Also, if the rules are changed, we may set off races to merge if owners fear that those who are slow to combine may be precluded from doing so if the market becomes overly concentrated. I am also concerned that programmers might face reduced opportunities to find outlets at competitive prices for their syndicated programming, and that the growth of the new networks could be stunted if consolidations in the local market work to exclude a new network affiliate.

Ubiquitous, free over-the-air television properly enjoys a special place in the American experience. As we evaluate the comments in response to the Further Notice, I hope we will strive to formulate rule changes that promote this service. We should eliminate anachronistic restrictions which hamper the growth of broadcast television, but we should not endanger our cherished values of diversity and competition.